

# PERAC

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AUDITOR: JOYCE ANNE H. BOHLE | KATHLEEN PATRICK | ELIZABETH FONTAINE | JOHN D. LANSAN | JAMES H. MACFARLANE | ROBERT D. MCCARTHY

## MEMORANDUM

TO: Clinton Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: August 31, 2015

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on October 1 of each fiscal year. The schedule is effective in FY16 (since the amount under the prior schedule was maintained in FY16) and is acceptable under Chapter 32.

In our July 28 meeting with the Board, we suggested the System consider reducing the investment return assumption from 7.75% used in the 2013 actuarial valuation. The Board decided to reduce the assumption to 7.60%. The revised schedule also reflects the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



**Clinton Retirement System**  
**January 1, 2015 Actuarial Valuation**

Total Appropriation Increasing 5.0% until FY33 with a final amortization payment in FY34

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Net</u> <u>3(8)(c)</u>	<u>Amort. of</u> <u>UAL</u>	<u>Amort. of</u> <u>2003 ERI</u>	<u>Amort. of</u> <u>Pension Holiday</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Total Cost</u> <u>% Incr.</u>
2016	849,090	130,000	1,421,074	51,624	32,134	2,483,921	22,939,980	
2017	887,299	130,000	1,505,615	51,624	33,580	2,608,117	23,093,326	5.0%
2018	927,227	130,000	1,594,581	51,624	35,091	2,738,523	23,167,467	5.0%
2019	968,953	130,000	1,688,203	51,624	36,670	2,875,449	23,151,639	5.0%
2020	1,012,556	130,000	1,786,722	51,624	38,320	3,019,222	23,034,014	5.0%
2021	1,058,121	130,000	1,942,018		40,044	3,170,183	22,801,604	5.0%
2022	1,105,736	130,000	2,051,109		41,846	3,328,692	22,440,163	5.0%
2023	1,155,494	130,000	2,165,903		43,730	3,495,126	21,934,077	5.0%
2024	1,207,491	130,000	2,286,694		45,697	3,669,883	21,266,240	5.0%
2025	1,261,828	130,000	2,413,795		47,754	3,853,377	20,417,933	5.0%
2026	1,318,611	130,000	2,547,532		49,903	4,046,046	19,368,680	5.0%
2027	1,377,948	130,000	2,688,251		52,148	4,248,348	18,096,098	5.0%
2028	1,439,956	130,000	2,836,314		54,495	4,460,765	16,575,735	5.0%
2029	1,504,754	130,000	3,049,050			4,683,804	14,780,893	5.0%
2030	1,572,468	130,000	3,215,526			4,917,994	12,682,437	5.0%
2031	1,643,229	130,000	3,390,664			5,163,893	10,248,589	5.0%
2032	1,717,174	130,000	3,574,914			5,422,088	7,444,708	5.0%
2033	1,794,447	130,000	3,768,745			5,693,192	4,233,043	5.0%
2034	1,875,197	130,000	582,956			2,588,153	572,477	-54.5%
2035	1,959,581	130,000				2,089,581	0	-19.3%

Appropriation payments assumed to be made on average on October 1 of each fiscal year

Normal cost includes administrative and a portion of investment related expenses and is assumed to increase 4.5% per year

FY16 amount maintained at level of prior funding schedule